



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL

THE ENERGY & TECHNOLOGY COMMITTEE

HOUSE Bill 5506: AAC THE TAXATION OF TELECOMMUNICATIONS COMPANY PROPOERTY AND UTILITY DEPOSITIS FOR BUSINESS CUSTOMERS

March 16, 2010

TESTIMONY OF COMMISSIONER ANTHONY J. PALERMINO

The Department of Public Utility Control (Department) submits the following comments in regards to House Bill No. 5506. House Bill No. 5506 speaks to the taxation of certain properties and alters the date by which certain information is to be filed. The Department is not implicated in Section 1 of this bill and accordingly, will limit its comments to section 2 of this Raised Bill.

Section 2 of House Bill No. 5506 would require the Department to conduct a proceeding to determine utility security deposits for business and commercial customers. Although the Department believes all legislative enactments need to have some flexibility as opposed to prescribing the Department's actions in any proceeding, the Department does not object per se to undertaking such an endeavor. More importantly, the Department believes the way this bill is written, directing a review of "public service companies" practices for collection of deposits would only stretch to a review of the telephone company, wireless carriers and certified local exchange companies (CLEC) offering telecommunications services in Connecticut. Therefore, a number of customers and services may not be covered by this language. Hence, this proposal would have a discriminatory impact since the practical effect of this proposal is to exempts those companies offering local service pursuant to Voice over the Internet Protocol- (VoIP) technology.

The Department notes that Title 16 does not provide the Department with jurisdiction over VoIP service providers, CLECs employing a VoIP platform such as Comcast, Cablevision and Charter would be exempt from this statute. Consequently, only the state's telephone companies AT&T Connecticut and Verizon New York and cellular service providers such as AT&T Mobility, Verizon Wireless and Sprint/Nextel would be required to conform to the new requirements of this Raised Bill. The Department also believes that this is unnecessary since the Department can require this information if needed short of legislative directives.

Lastly, the Department notes that to the extent policy makers strive to reduce the threshold rates for deposits, any greater costs in defaults and collections that result would be shifted to a different class of customers. Therefore, the Department recommends that the discriminatory impact of this bill be corrected and that the prescriptive language of the bill be removed if the intent is to determine the best practices for utility companies.